

[First Reprint]

SENATE, No. 2615

STATE OF NEW JERSEY
212th LEGISLATURE

INTRODUCED MARCH 15, 2007

Sponsored by:

Senator ROBERT W. SINGER

District 30 (Burlington, Mercer, Monmouth and Ocean)

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Co-Sponsored by:

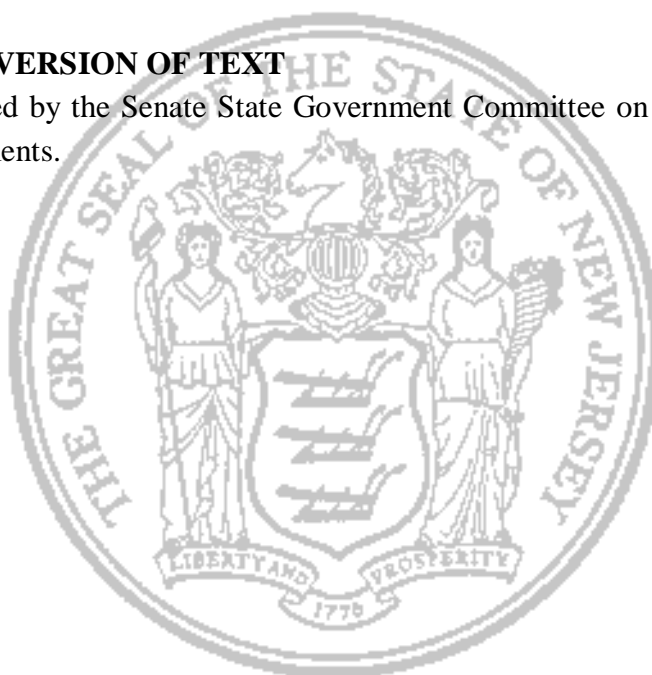
Senators Buono, Asselta, T.Kean, Lance and Weinberg

SYNOPSIS

Prohibits investment by State of pension and annuity funds in foreign companies doing business in Iran.

CURRENT VERSION OF TEXT

As reported by the Senate State Government Committee on June 14, 2007, with amendments.



(Sponsorship Updated As Of: 12/18/2007)

1 AN ACT concerning the investment by the State of pension and
2 annuity funds and supplementing P.L.1950, c.270.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. The Legislature finds and declares that:

8 The State of New Jersey is deeply concerned about the situation
9 in the Islamic Republic of Iran. President Mahmoud Ahmadinejad,
10 the President of Iran, has added greatly to the instability of the
11 Middle East by making statements that Israel should be “wiped off
12 the map” and asserting that the Holocaust was a “myth.” Iran has
13 done little to promote international cooperation and everything to
14 fan the flames of divisiveness and crisis. Thus, global tension
15 concerning the Middle East is fuelled to dangerous heights by the
16 rhetoric and actions of Iran.

17 Iran has been committed to the destruction of Israel since the
18 installation of theocratic rule by Ayatollah Ruhollah Khomeini in
19 1979 and has been cited repeatedly as one of the world’s most
20 dangerous sponsors of international terrorism. President
21 Ahmadinejad has also sparked international concern and
22 controversy by refusing to stop Iran’s enrichment of nuclear
23 materials—possibly for use in atomic weapons—and refusing to
24 allow the United Nations to check Iran’s claim that it seeks to use
25 nuclear power only to generate electricity.

26 President Ahmadinejad’s comments regarding Israel together
27 with his determination to promote Iran’s nuclear program leads
28 observers to conclude that the country’s resources are directed
29 towards the destruction of Israel by atomic weapons. This State
30 must take action to respond to these calls for the destruction of
31 Israel and threats to world peace and stability. Therefore, it is in
32 the best interest of this State that a statutory prohibition be enacted
33 to prohibit the investment of public employee retirements funds in
34 foreign companies doing business in Iran.

35
36 2. a. Notwithstanding any provision of law to the contrary, no
37 assets of any pension or annuity fund under the jurisdiction of the
38 Division of Investment in the Department of the Treasury, or its
39 successor, shall be invested in any foreign company that has an
40 equity tie to the government of Iran or its instrumentalities and is
41 engaged in business ¹operations with entities in the defense sector
42 or nuclear sector of Iran, or engaged in business operations with
43 entities involved in the natural gas or petroleum sectors of Iran,¹ in
44 or with that government and its instrumentalities. This prohibition

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SSG committee amendments adopted June 14, 2007.

1 shall not apply to the activities of any foreign company providing
2 humanitarian aid to the Iranian people through either a
3 governmental or non-governmental organization.

4 As used in this section, "equity tie" means manufacturing or
5 mining plants, employees or advisors, facilities, or an investment,
6 fiduciary, monetary or physical presence of any kind ¹, including an
7 ownership stake in one or more subsidiary or joint venture with one
8 or more companies in the country¹; ¹**["and"]** "humanitarian aid"
9 means the provision of goods and services intended to relieve
10 human suffering or to promote general welfare and health ¹;
11 "defense sector" means every industry or company, be it private or
12 owned in whole or in part by the government of Iran or its
13 instrumentalities, that is involved in the purchase, sale,
14 manufacturing, testing or deployment of military supplies and
15 weapons, including every company that provides military advisors
16 and non-military personnel or that sells strategic information or
17 services to companies that purchase, sell, manufacture, test or
18 deploy military supplies and weapons, or the government of Iran or
19 its instrumentalities; "nuclear sector" means every industry or
20 company, be it private or owned in whole or in part by the
21 government of Iran or its instrumentalities, that is involved in the
22 purchase, sale, development, testing or deployment of nuclear
23 technology of any kind or that provides advisors, researchers,
24 scientists or technicians who are involved in the purchase, sale,
25 development, testing or deployment of nuclear technology of any
26 kind; and "natural gas or petroleum sectors" means those industries
27 and companies that have as their business the owning rights to oil
28 blocks, exporting, extracting, producing, refining, processing,
29 exploring for, transporting, selling or trading of oil or natural gas,
30 constructing, maintaining or operating a pipeline, refinery or other
31 infrastructure and facilitating such activities, including supplies or
32 services in support of such activities¹.

33 b. The State Investment Council and the Director of the Division
34 of Investment, after reviewing the recommendations of and
35 consulting with an independent research firm that specializes in
36 global security risk for portfolio determinations selected by the
37 State Treasurer, shall take appropriate action to sell, redeem, divest
38 or withdraw any investment held in violation of subsection a. of this
39 section. This section shall not be construed to require the premature
40 or otherwise imprudent sale, redemption, divestment or withdrawal
41 of an investment, but such sale, redemption, divestment or
42 withdrawal shall be completed not later than three years following
43 the effective date of P.L. , c. (C.) (pending before the
44 Legislature as this bill).

45 c. Within 60 days after the effective date of of P.L. ,
46 c. (C.) (pending before the Legislature as this bill), the
47 Director of the Division of Investment shall file with the
48 Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-

1 19.1), a report of all investments held as of the effective date that
2 are in violation of subsection a. of this section. Every year
3 thereafter, the director shall report on all investments sold,
4 redeemed, divested or withdrawn in compliance with subsection b.
5 of this section.

6 Each report after the initial report shall provide a description of
7 the progress that the division has made since the previous report
8 and since the enactment of P.L. , c. (C.) (pending before the
9 Legislature as this bill) in implementing subsection b. of this
10 section.

11 ¹d. Notwithstanding the other provisions of this section to the
12 contrary, this act shall be of no effect if:

13 (1) the Congress or the President of the United States,
14 affirmatively and unambiguously, declares by means including, but
15 not limited to, legislation, executive order, or written certification
16 from the President to Congress that the government of Iran has
17 ceased to acquire or develop weapons of mass destruction and, to
18 support international terrorism; or

19 (2) the United States revokes all sanctions imposed against the
20 government of Iran.

21 e. State Investment Council members, jointly and individually,
22 and State officers and employees involved therewith, shall be
23 indemnified and held harmless by the State of New Jersey from all
24 claims, demands, suits, actions, damages, judgments, costs, charges
25 and expenses, including court costs and attorney's fees, and against
26 all liability, losses and damages of any nature whatsoever that these
27 State Investment Council members, and State officers and
28 employees, shall or may at any time sustain by reason of any
29 decision to restrict, reduce or eliminate investments pursuant to this
30 act.¹

31
32 3. This act shall take effect immediately.